

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: The Cabinet Member for the Economy

Date: 03/07/2023

Subject: Procurement Strategies relating to the Development Sites at Barclay Close, Becklow Gardens, Land Behind the Grange & Land Adjacent to Jepson House

Report of: Jon Pickstone, Strategic Director for the Economy

Report author: Oliver Barker, Development Manager

Responsible Director: Matt Rumble, Strategic Head of Area Regeneration

SUMMARY

This report seeks the approval of two procurement strategies relating to the redevelopment of four sites situated at: Barclay Close, Becklow Gardens, Land behind The Grange and Land Adjacent to Jepson House. The procurement of professional services for both a Design Team and a Control Team is to enable the delivery of new genuinely affordable homes. Across the 4 sites capacity studies demonstrate 80 new homes could be delivered with a minimum of 50% being affordable.

The first procurement strategy is for the appointment of a professional multi-disciplinary design team, to include a lead architect and other design related services such as landscape architects, civil and structural engineers, M&E engineers, planning consultants, sustainability and energy advisers.

The second procurement strategy is for the appointment of a professional multi-disciplinary 'Control Team' of project management, cost consultancy, employer's agent, client sustainability adviser, clerk of works, BIM Coordinator, CDM Principal Designer and Health and Safety Advisor services.

A single lead contractor will be procured for each of the design and control services, with individual contracts for each site. Aggregating the opportunity in this way is expected to maximise value for money and make the opportunity more commercially attractive to suppliers.

RECOMMENDATIONS

That the Cabinet Member for the Economy:

1. Approves the procurement strategy (attached as Appendix 1), for the appointment of a professional multi-disciplinary 'Design Team', to include a

lead architect and other design related services such as landscape architects, civil and structural engineers, mechanical and electrical engineers, planning consultant, sustainability and energy advisers for the estimated total value of £4,000,000, on all four projects.

2. Approve the procurement strategy (attached as Appendix 2), for the appointment of a multi-disciplinary 'Control Team' of project management, cost consultancy, employer's agent, client sustainability adviser, clerk of works, BIM Coordinator, CDM Principal Designer and Health and Safety Advisor services and the like, for the estimated total value of £2,500,000, on all four projects.

Wards Affected: Askew, Town & Sands End

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The 'Design' and 'Control' teams will be required, where possible, to procure from local businesses (sub-consultants) for elements of the construction works in accordance with the council's industrial strategy and Contract Standing Orders.
Creating a compassionate council	The design and control teams will be required to engage in comprehensive public consultations on the proposals and delivery approach to provide modern and quality homes.
Doing things with local residents, not to them	The design and control teams will work to the council's values of working with residents and local residents and will be engaged and consulted extensively on the redevelopment throughout the development.
Being ruthlessly financially efficient	Selection of the correct design and control teams through robust procurement process will ensure that the project has the best possible chance of delivering a high quality and financially viable project.
Taking pride in H&F	The tender documents which will be issued during the procurement process will encourage a quality addition to the borough to ensure that in both in terms of housing provision and the physical fabric of the borough. The engagement approach of the project will also empower the local communities to enhance their locality.
Rising to the challenge of the climate	The brief to the design and control

and ecological emergency

teams will be to meet the targets set out in the emerging Climate Strategy with the aim to achieve a significant reduction in operational carbon usage, thereby reducing fuel bills of future residents.

Financial Impact

There is no direct financial impact of approving these strategies as the procurement will be carried out by the existing project team. The full cost of designing the scheme and submitting the planning application will not be known until the tender process is complete. Full financial implications and checks on the financial standing of the successful tenderer will be set out in the subsequent contract award decision report.

On 18th July 2022 Cabinet approved an overall budget of £7,512,028 to progress the four projects from a RIBA Stage 1 review up to Stage 2 – Planning (RIBA Stages 2+3) and 3 – Procurement (RIBA Stage 4) of the Council’s Development Gateway process. Whilst this procurement strategy is grouped cumulatively for the four sites, the overall budget is split between projects as follows:

- Barclay Close (£900,878);
- Becklow Gardens (£1,677,922);
- Land behind the Grange (£1,732,504);
- Jepson House (£3,200,724).

Further financial implications of the proposed development and its feasibility are addressed in that report. The estimated maximum total combined cost of these contracts is £6,500,000 so can be accommodated within the approved budget. The rest of the budget will be needed to cover capitalised officer time over the duration of the contracts.

Ariana Murdock, Finance Manager, Strategic Planning and Investment, 14 October 2022

Verified by Sukvinder Kalsi, Director of Finance, 21/10/2022

Legal Implications

The value of both procurements is above EU thresholds and so the Public Contracts Regulations 2015 (PCRs) will apply.

Both the Pagabo Professional Services Framework and Notting Hill Genesis Development Consultants Framework are compliant with the PCRs. A mini competition can be run under both frameworks to appoint consultants which would be compliant with the advertising and competition requirements under the Council’s Contract Standing Orders (CSOs).

All procurement strategies must be submitted to the Contracts Assurance Board before being submitted for approval to the relevant Cabinet Member,

Where the procurement strategy concerns a contract with estimate value in excess of £300,000 in value or the expenditure is otherwise significant, then it is a Key Decision (see Article 12 of the Constitution) and the report must be submitted to Committee Services for publication on the Council's website

Joginder Bola, Senior Solicitor (Contracts & Procurement), 17/10/2022

Background Papers Used in Preparing This Report

None.

DETAILED ANALYSIS

Background

1. In July 2019, Cabinet approved the '**Building Homes and Communities Strategy**' which set out the principles of a self-funding programme of investment in homes and community assets. The strategies headline objectives are to:
 - a. Increase the supply of affordable housing in line with the administration's priorities,
 - b. Use capital resource to increase the Council's income in line with the long-term financial strategy, and,
 - c. Utilise assets to help deliver, manage demand and avoid costs.
2. The Building Homes and Communities strategy dovetails with the Defend Council Homes Policy (DCHP) and its core principles, that:
 - a. No development on HRA sites is to proceed without resident involvement, and,
 - b. The establishment of a 'resident panel' to be an integral part of the development process and to provide input on development proposals and oversight regarding engagement and consultation with residents, stakeholders and the wider community.
3. The four sites form part of the Council's direct delivery development programme. The programme currently includes 14 projects and c.1,200 homes of which c. 60% are affordable. the programme also includes c. 8,500m² of new reprovisioned community infrastructure, offices, schools and education facilities.
4. All four projects will be subject to a sustainability options analysis during RIBA Stage 1, 2 and 3 to ensure they align with the Climate and Ecology Strategy and 'Homes, Buildings and Energy' action plan targets. Subject to viability, early site analysis has identified that the land adjacent to Jepson House scheme has the

potential to be an operationally net zero carbon scheme, supporting the Council's objectives.

Proposals and Progress to Date

5. For each of the four sites, a feasibility and capacity study (RIBA Stage 0/1) has been produced to establish if a development proposal on each site is deliverable and viable. These studies were informed by architectural drawings, planning advice, market analysis and valuations and construction cost advice, along with other proprietary surveys and reports, including legal and utility searches.
6. Each project was subject to a viability appraisal to ensure it met the council's agreed financial hurdles. These studies were approved by the Council's Development Board and with budget approval secured at Cabinet in July 2022.
7. Three of the 4 sites (excluding the Grange) have previously been considered for redevelopment under the affordable housing framework. This framework allowed the council to partner with Housing Associations to facilitate the provision of new affordable homes, but only secured the benefit of nominations rights to the council.
8. However, with approval of the Council's Building Homes and Communities Strategy, these sites were removed from the framework and will be delivered and owned by the Council, creating a positive contribution (over the long term) to the HRA.
9. On 18th July 2022, Cabinet approved an overall budget of £7,512,028, to allow delivery, up to and including the completion of LBHF's development gateway stage 2 – Planning and gateway stage 3 – Procurement (RIBA Stages 1, 2, 3 & 4), as summarised in the table below:

Project Name	Cabinet Approved Budget (18th July 22)
Barclay Close site	£900,878
Becklow Gardens site	£1,677,922
Land behind The Grange	£1,732,504
Land Adjacent to Jepson House	£3,200,724
Total Budget	£7,512,028

10. The respective values of both procurement strategies are financially aggregated to facilitate the delivery of all four sites, covering LBHF's agreed development gateway stages:
 - a. Initially, Stage 2 – Planning, and Stage 3 – Procurement (RIBA Stages 1, 2, 3 & 4), and, subsequently;
 - b. Further instruction following planning and procurement of a construction contractor: Stage 4 - On-site, and Stage 5 – Post completion (RIBA Stages 5, 6 & 7).

11. Both procurement strategies, as described further in Appendix 1 and 2 of this report, will be subject to further LBHF gateway and/or governance approvals and are inclusive of the ability to terminate contracts on notice at each development or RIBA Stage.
12. The Council has opted to combine and procure the four individual projects simultaneously, due to them being relatively small in size and complexity as individual schemes, and, in order to maximise the level of market interest from suitable professional consultants. The successful tenderer resulting from each of the procurement processes will be appointed separately via individual contracts on each of the four projects.

Design Team Services - Procurement Strategy

13. The Design Team services to be procured (as described further in Appendix 1), are to include a lead architect and other associated design related services such as landscape architects, civil and structural engineers, M&E engineers, planning consultants, sustainability and energy advisers, fire consultant, transport consultant and other associated proprietary surveys and ancillary services - through LBHF's development stages 2 to 5 (RIBA Stages 1 to 7).
14. This will be subject to on-going management, coordination, monitoring and review including timely reconciliation of each project's viability, to align with the council's development gateway and governance approval processes and further budgetary and contractual approval by cabinet (or under any approved delegated authority).
15. The estimated total value for purchasing the professional Design Team services for the four projects is £4,000,000.
16. The Design Team Procurement Strategy will enable the award of sequential call-off contracts for the services for each site, to align with LBHF's agreed development life-cycle gateway stages 2 to 5 (RIBA Stages 1 to 7) and mitigate risk.
17. Services will be procured using the Notting Hill Genesis Development Consultants Framework, Lot 1. The call-off contracts will include the right to terminate or re-tender at the end of each RIBA design stage (or LBHF development stage).

Control Team Services - Procurement Strategy

18. The Control Team services to be procured (as described further in Appendix 2), are to include a lead Project Manager, Construction Cost and LCC Consultant, Employer's Agent, CDM Principal Designer and Health and Safety Advisor, Clerk of Works, BIM Coordinator, Client Sustainability Advisor, as well as other associated proprietary surveys and ancillary services - through all LBHF development stages 2 to 5 (RIBA Stages 1 to 7).

19. This will be subject to on-going management, coordination, monitoring and review including timely reconciliation of each project's viability, to align with the council's development gateway and governance approval processes and further budgetary and contractual approval by cabinet (or under any approved delegated authority).
20. The estimated total 'value' for purchasing the professional 'Control Team' services for the four projects is £2,500,000.
21. the Control Team Procurement Strategy will enable the procurement and award of a sequential 'call-off' contract for the services, to align with LBHF's agreed development life-cycle gateway stages 2 to 5 (RIBA Stages 1 to 7) and mitigate risk
22. Services will be procured using the Pagabo Professional Services Framework, Lot 4, and the 'call-off' contract will reserve the right to terminate or re-tender at the end of each RIBA design stage (or LBHF development stage).

Reasons for Decision

23. The reason for the decision to undertake these procurements is to secure contracts for services to design and manage the design process for the four sites which collectively could deliver 80 new homes in the borough, of which a minimum of 50% will be affordable.
24. The reason for selecting and using the preferred procurement route and frameworks are highlighted in section 3 of each appended procurement strategy. The respective procurement strategies and use of the recommended frameworks will enable the council to fulfil its commitments to simultaneously redevelop the four underused sites as efficiently and effectively as possible, by maximising the level of market interest from suitable professional consultants on what is considered relatively small individual sites, and, ensure compliance with all requirements contained within the Council's Financial Regulations and Contract Standing Orders (CSO), to seek facilitate approval.

Procurement Route Analysis of Options

25. The Procurement Strategies for the Design Team and the Control Team (see Appendices 1 and 2 respectively), set out the following procurement options:
 - (a) Option 1 - Do nothing
 - (b) Option 2 - Open market procurement exercise
 - (c) Option 3 - Use of existing third-party framework.
26. After review of the options, and on balance, both Procurement Strategies recommend the use of a preferred third-party framework.

Market Analysis, Local Economy and Social Value

27. The provision of professional development Design and Control team services is a specialist area. However, this is a mature market and there are a broad range of consultants with the necessary experience and capability to carry out these services. The size, experience, turn-over and liability cover of the various consultancies that offer such professional ‘design’ and ‘control’ services, are generally proportionate to the size and complexity of the project they tender for and deliver. Officers are confident there are a select number of consultants in the market that would allow a successful simultaneous procurement exercise to be undertaken for these four individual projects. The combined size and complexity of these four projects (in construction cost terms), is c. £26m and therefore, when aggregated, considered medium in size.
28. The design and construction industry, like many other industries, has been affected by the recent COVID pandemic, ongoing war in the Ukraine and wider economic impacts, creating some uncertainty over the short to medium term viability of some companies in the industry. Whilst this creates additional risk to the Council, this procurement strategy seeks to mitigate by using established frameworks and the application of strict financial review and quality control mechanisms in the contract evaluations and awards.
29. It is the council’s policy that all contracts let by the council with a value above £100,000 commit to ‘social value’ contributions that are additional to the core services required under the contract, and/or, those required by SV planning conditions.
30. Section 7 in each procurement strategy describes how social value contributions will be scored as part of the mini competition, with a 10% weighting of the total quality score, included in the ‘Quality and Sustainability’ category of the scoring criteria.
31. Social value measures committed by the winning bidder will be included as conditions in the contract agreement with financial remedies sought for non-delivery and/or compliance. It is advised that the winning bidder contact the Economic Development team to help them design a detailed delivery plan for the agreed measures. Council services are available to support the winning bidder plan, deliver and measure social value contributions.

Risk Assessment and Proposed Mitigations

32. The key procurement risks for each of these Design and Control teams’ procurement strategies, and their respective mitigation measures, have been included within section 4 of each of the appended procurement strategies.

Timetable

33.

Key Decision Entry (Strategy)	12 th October 2022
Contracts Assurance Board	2 nd November 2022

(Strategy)	
SLT/Cabinet Member/Cabinet Sign off (Strategy)	7 th November 2022
Issue ITT	14 th November 2022
Closing date for clarifications	28 th November 2022
Closing date for submissions	16 th December 2022
Evaluation of Tenders	6 th January 2023
Key Decision Entry (Award)	9 th January 2023
CAB (Award)	25 th January 2023
SLT/Cabinet Member (Award)	1 st February 2023
Contract engrossment	6 th February 2023
Contract mobilisation and implementation	10 th February 2023
Contract Commencement date	13 th February 2023

Selection and Award Criteria

34. The process and criteria by which the tender responses will be evaluated to achieve the most economically advantageous for both the Design and Control teams, for all four sites, are detailed within Section 7, of the respective appended procurement strategies (Appendix 1 & Appendix 2).

Equality Implications

35. It is not anticipated that the approval of either the Design team and/or Control team respective procurement strategies, as set out in the recommendations, will have any direct or negative impact on any protected groups, under the Equality Act 2010.

Risk Management Implications

1. The report recommends approving procurement strategies to appoint a multi-disciplinary design team and a multi-disciplinary control team to progress the four sites covered in the report from RIBA Stage 1 to Stage 4. The purpose of these projects is to increase the availability of genuinely affordable housing within the borough, which is in line with the Council's objectives. The procurement risks associated with the appointment of each team are covered in the appendices along with appropriate mitigations.

David Hughes, Director of Audit, Fraud, Risk and Insurance, 14 October 2022

Climate and Ecological Emergency Implications

2. On 17th July 2019 LBHF declared a climate emergency, pledging to cut CO2 emissions from the Council's activities to net zero by 2030. All four projects will be subject to a sustainability optioneering exercise with the appointed Consultant

teams during RIBA Stage 2 to ensure they respond to the Council's climate emergency. The Jepson House project has been selected as Net Zero Carbon redevelopment projects, supporting the Council in meeting its emerging Climate and Ecology Strategy.

3. The proposals for all four projects will target high levels of sustainability, achieving at a minimum a 60% reduction in operational carbon emissions over current building regulation requirements, subject to project viability, and will aim to promote the climate emergency via a variety of different methods. Through-out the design process the respective consultant teams will design ways to increase energy efficiency of buildings and use recyclable material where possible. Project briefs will also include the elimination of fossil fuels along with the installation of solar panels or other renewable energy generation and will look to switch to renewable energy providers and install measures to help manage building energy demand, such as smart meters, timers on lighting, or building management systems.
4. The Design and Control teams will consider multiple factors to promote ecological benefits of the projects, including avoiding converting green space to hard surfacing and use underutilised space for planting, such as green roofs and walls. The projects will also provide space for animals e.g. long grass areas, bird boxes, bat boxes and insect hotels.
5. The Design and Control teams will also look to design in water-saving measures in new developments and ensure all new building models and mitigates future overheating risk, with adequate ventilation and shading. The developments will also convert hard surfacing to green and permeable surfacing where possible and install Sustainable drainage systems (Suds).
6. The Design and Control teams will also seek to produce designs which are suitable for modern construction methods that reduce overall energy use, such as modular, factory-built components, or use of electrical plant on-site.

Hinesh Mehta, Head of Climate Change, 21/10/22

Local Economy and Social Value Implications

7. Paragraph 20 in this strategy commits the procurement will adhere to the Social Value Policy. Social Value should be a part of the award criteria and will make up a minimum of 10% of the overall assessment. This has been committed to in paragraph 23. Social value key performance indicators (KPIs) should be part of their contract terms. This has been committed to in paragraph 24.
8. It is recommended that the project lead for each contract works closely with H&F's Social Value Officer and the contractor to agree a delivery plan soon after the award.

Paul Clarke, Social Value and Economic Development S106 Officer, 17/10/22

Consultation

9. Design work for each development site will be co-produced with estate residents under the Defend Council Homes Policy (DCHP). In accordance with the DCHP, site specific 'First Notices' were issued to estate residents notifying them of the intent to produce development proposals on the four sites. Residents will be invited to join sites respective Resident Steering Groups (RSG) to assist with the selection of professional consultants for the projects and to work with the council through the design and construction processes.

LIST OF APPENDICES

- Appendix 1 – 'Design Team' Procurement Strategy – for all Four Sites
- Appendix 2 – 'Control Team' Procurement Strategy - for all Four Sites